
Cuvier Mines Ltd.

No Personal Liability

Annual Report

December 31, 1973

*The Annual Meeting of Shareholders
will be held at the Windsor Hotel
Montreal, Quebec on Thursday the
25th day of April, 1974 at 11:00 A.M.*

**To the Shareholders of
CUVIER MINES LTD.**

Work is continuing on the property at Gays River, Nova Scotia under exploration by your Company and Imperial Oil Limited. Seven diamond drills are currently engaged in a detailed assessment of the mineralized zone.

This zone, to date, has a length in excess of 13,000 feet. It has been tested across a breadth of as much as 1,600 feet. The average thickness of the mineralization so far tested is 21 feet.

During 1973 a total of 230 drill holes have been completed on the property and 109 of these holes encountered mineralization. The arithmetic average of all the intersections to date is 6.89% consisting of 2.64% lead and 4.25% zinc, together with small amounts of silver and cadmium.

Imperial Oil Limited completed expenditures on the property in excess of \$500,000 in December. Under the terms of our agreement, Imperial Oil thereby has earned a 60% interest in the 128 claims held by us in the Gays River Area.

Imperial Oil is now financing a further programme of exploration involving an estimated expenditure of \$750,000. This estimate includes 75,000 feet of diamond drilling, engineering and feasibility studies, and some underground sampling work. Imperial is providing the entire capital for this programme for which Cuvier's liability under our agreement would be 40% or \$300,000. On completion of this stage Cuvier will issue to Imperial Oil 100,000 shares of stock for the \$300,000 expenditure made on our behalf. In order to provide these shares, an increase in the capitalization of your company will be necessary.

The initial feasibility study is now being carried out for the joint venture by Kilborn Engineering Limited. Some preliminary figures may be available for presentation to the Shareholders at our annual meeting. This feasibility study is designed to provide preliminary estimates of ore reserves, prospective mining and milling methods and costs, markets, and environmental impact studies, as well as an overall idea of the capital cost and economics of the project. Locked cycle metallurgical tests on large diameter drill cores are now being run. Further metallurgical tests will be run as soon as representative ore material is available from underground. Results to date indicate that the separation of lead and zinc appears straightforward. This preliminary work projects recoveries of 95% of the lead and 88% of the zinc in concentrates of premium grade.

Your Directors have approved Special By-Law No. 39 authorizing an increase in the capital from 3,000,000 shares of \$1.00 par value to 5,000,000 shares of \$1.00 par value each. While it is not the intention to issue any additional shares at present other than the 100,000 shares to Imperial Oil for the \$300,000 expenditure made on our behalf, your management anticipates that capital expenditures for plant, equipment and production facilities could require \$20,000,000, of which our share would be \$8,000,000 to maintain our 40% interest. It is hoped that the largest part of these funds can be provided by senior debt financing, but some equity capital may be necessary. Your Directors have therefore approved the increase in capital and recommend your approval of Special By-Law 39.

Other exploration

Your company holds 84 claims in the Mabou area, Cape Breton. In the spring of 1973 five inclined drill holes were bored to probe anomalies along the southwest slope of White Brook. Previous prospecting has delineated several targets in areas exhibiting widespread low-grade lead-zinc and copper mineralization. These holes intersected varying widths of 4 to 28 feet of low-grade lead-zinc mineralization in sheared volcanics. The Provincial Government allowed Cuvier to drill only five holes because the Mabou Highlands might become a part of a large Provincial Park. As a result of this, two excellent anomalies which contained copper float averaging 2 to 4% copper were not drilled. The barite zones in the southwest sector of this property are not within the proposed park area and several large barite producing companies have professed an interest to study the deposits during the spring of 1974.

Some preliminary diamond drilling was carried out on the Five Islands property in Nova Scotia consisting of 119 claims and further exploration will be undertaken on this property during the coming year, as well as on the 64 claims in the Moose River area where trenching and geophysical work have outlined several persistent mineralized shear zones ranging in grade from 0.4 to 3.5% copper.

No further work was carried out on the 32 claims in the Grand Etang areas as the values encountered in preliminary work were low and this claim group was dropped.

Your Directors submit for your consideration the Financial Statements as at December 31, 1973, which include the Schedule of Deferred Expenses, Statement of Deficit and Statement of Source and Application of Funds.

Annual Meeting of the shareholders will be held at the Windsor Hotel, Montreal, Quebec, on Thursday, 25th, 1974 at 11:00 a.m. You are urged to attend the Annual Meeting, but if you are unable to be present, Proxy form for your use is enclosed.

Your Management wishes to extend its appreciation to Imperial Oil Limited and its staff for the economical and efficient manner in which our joint exploration program has been carried out. It is an example of the spirit of cooperation that can be established between a major corporation and a junior mining company through proper liaison.

R. P. MILLS,
President

Balance sheet

as at December 31, 1973

Assets

Current

	1973	1972
Cash	\$ 9,180	\$ 5,728
Deposit receipt	50,000	—
Accounts receivable	1,753	1,358
	<u>60,933</u>	<u>7,086</u>
Investment in bonds — at cost (approximate market value 1973 — \$ 991 1972 — \$1,832	1,030	1,835
Equipment — at cost	1,200	1,200
Less: accumulated depreciation	612	360
	<u>588</u>	<u>840</u>
Mining claims — at cost (see schedule)	305	196
Deferred Expenses (see schedule)		
Development	115,917	22,209
Administrative	69,673	45,998
	<u>185,590</u>	<u>68,207</u>
Organization expense	1,808	1,808
	<u>\$ 250,254</u>	<u>\$ 79,972</u>

Approved by the Board of Directors

(Sgd) R.P. MILLS, Director

(Sgd) IAN C. MILLER, Director

Liabilities

Current

1973

1972

Accounts payable	\$ 10,154	\$ 6,859
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Shareholders' equity

Capital stock

Authorized

3,000,000 Shares of a par value of \$1 each

Issued and fully paid (Note 2)

2,743,410 Shares for cash	\$ 2,743,410		
Less discount	2,350,100	393,310	253,310
150,000 Shares for development work	150,000		
Less discount	120,000	30,000	—
<u>2,893,410 Shares</u>		<u>423,310</u>	<u>253,310</u>

Deficit	183,210	180,197
	<u>240,100</u>	<u>73,113</u>
	<u>\$ 250,254</u>	<u>\$ 79,972</u>

Auditors' report

To the shareholders,
Cuvier Mines Ltd.
(No Personal Liability)

We have examined the balance sheet of Cuvier Mines Ltd. (No Personal Liability) as at December 31, 1973 and the statements of deficit and source and application of funds for the year then ended and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information, the explanations given to us and as shown by the books of the company, these financial statements are properly drawn up so as to exhibit a true and correct view of the state of the company's affairs as at December 31, 1973 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

HYDE, HOUGHTON & CO.
Chartered Accountants

Montreal, Quebec
January 18, 1974

Schedule of mining claims

Year ended December 31, 1973

	Balance December 31 1972	Current Year	Balance December 31 1973
16 Claims in Cumberland County, in the Province of Nova Scotia, acquired in 1972 for the cost of prospecting licences (less 16 claims expired during the year)	\$ 10	(\$ 10)	\$ —
2 Claims in the County of Pictou, in the Province of Nova Scotia, acquired for the cost of prospecting licences (less 2 claims expired during the year)	1	(1)	—
93 Claims in Cape Mabou, Inverness County, in the Province of Nova Scotia and 64 claims acquired during the year for the cost of prospecting licences (less 73 claims expired during the year)	63	12	75
128 Claims in Gays River, in the Counties of Colchester and Halifax, in the Province of Nova Scotia, acquired in 1972 for the cost of prospecting licences. During the year, a 60% interest in these claims was transferred to Imperial Oil Limited. (Note 2)	102	—	102
32 Claims in Grand Etang, Inverness County in the Province of Nova Scotia, acquired in 1972 for the cost of prospecting licences (less 32 claims expired during the year)	20	(20)	—
192 Claims in Five Islands, Colchester County in the Province of Nova Scotia, acquired during the year for the cost of prospecting licences (less 73 claims expired during the year)	—	88	88
64 Claims in Moose River, Cumberland County in the Province of Nova Scotia, acquired during the year for the cost of prospecting licences . .	—	40	40
	<u>\$ 196</u>	<u>\$ 109</u>	<u>\$ 305</u>

Schedule of deferred expenses

Year ended December 31, 1973

	Balance December 31 1972	Current Year	Balance December 31 1973
Deferred development expenses			
Cumberland group			
Salaries and wages	\$ 487	\$ —	\$ 487
Supplies	63	—	63
Transportation and accommodation	133	—	133
Taxes, fees and licences	22	—	22
Assays	47	—	47
Miscellaneous	14	—	14
Equipment rental	105	—	105
Workmen's compensation	(33)	—	(33)
Printing and maps	4	—	4
Telephone and telegraph	19	—	19
Diamond drilling	378	—	378
	<u>1,239</u>	<u>—</u>	<u>1,239</u>
Less written off to deficit as claims abandoned during the year	<u>—</u>	<u>(1,239)</u>	<u>(1,239)</u>
	1,239	(1,239)	—
Mabou group			
Diamond drilling	—	16,552	16,552
Engineering fees and expenses	1,411	—	1,411
Salaries and wages	6,809	3,528	10,337
Employee benefits	139	372	511
Supplies	492	152	644
Travelling and accommodation	4,562	3,472	8,034
Assays	4,516	177	4,693
Rental of equipment	1,252	1,050	2,302
Taxes, fees and licences	380	129	509
Printing and maps	88	15	103
Telephone and telegraph	473	394	867
Proceeds from option agreement	(2,500)	—	(2,500)
	<u>17,622</u>	<u>25,841</u>	<u>43,463</u>
Carried forward	18,861	24,602	43,463

Schedule of deferred expenses

Year ended December 31, 1973

	Balance December 31 1972	Current Year	Balance December 31 1973
Deferred development expenses (cont'd)			
Brought forward	\$ 18,861	\$ 24,602	\$ 43,463
Gays River group			
Consultants' fees	—	638	638
Salaries and wages	1,144	2,208	3,352
Supplies	95	261	356
Telephone and telegraph	60	406	466
Travelling and accommodation	1,154	1,887	3,041
Employee benefits	67	198	265
Assays	180	—	180
Printing and maps	—	211	211
Depreciation	360	252	612
Development work acquired in exchange for shares (Note 3)	—	30,000	30,000
	<u>3,060</u>	<u>36,061</u>	<u>39,121</u>
Less revenue from equipment rental	—	(800)	(800)
	<u>3,060</u>	<u>35,261</u>	<u>38,321</u>
Grand Etang group	288	1,350	1,638
Less written off to deficit as claims abandoned during the year	—	(1,638)	(1,638)
	<u>288</u>	<u>(288)</u>	<u>—</u>
Five Islands group			
Consultants' fees	—	373	373
Salaries and wages	—	7,828	7,828
Employee benefits	—	458	458
Supplies	—	668	668
Telephone and telegraph	—	373	373
Travelling and accommodation	—	3,552	3,552
Taxes, fees and licences	—	857	857
Rental of equipment	—	4,572	4,572
Assays	—	2,534	2,534
Diamond drilling	—	9,403	9,403
	<u>—</u>	<u>30,618</u>	<u>30,618</u>
Moose River group			
Consultants' fees	—	167	167
Salaries and wages	—	1,268	1,268
Employee benefits	—	78	78
Travelling and accommodation	—	736	736
Rental of equipment	—	1,118	1,118
Supplies	—	148	148
	<u>—</u>	<u>3,515</u>	<u>3,515</u>
	<u>\$ 22,209</u>	<u>\$ 93,708</u>	<u>\$115,917</u>

Schedule of deferred expenses

Year ended December 31, 1973

	Balance December 31 1972	Current Year	Balance December 31 1973
Deferred administrative expenses			
Bank charges and interest	\$ 54	\$ 16	\$ 70
Legal and audit	8,156	7,012	15,168
Salaries	1,300	—	1,300
Management and technical fees and services	21,450	5,500	26,950
Stationery, printing and postage	1,857	548	2,405
Taxes, fees and licences	1,824	370	2,194
Transfer agent's fees	2,905	4,109	7,014
Travelling	158	927	1,085
Advertising	250	—	250
Publicity and shareholders' information	4,772	2,046	6,818
Telephone and telegraph	893	462	1,355
Office accommodation	160	—	160
Printing and maps	367	66	433
Security registration, listing and stock exchange fees	3,271	6,054	9,325
Interest earned	(1,419)	(3,435)	(4,854)
Total deferred administrative expenses	<u>\$ 45,998</u>	<u>\$ 23,675</u>	<u>\$ 69,673</u>

Statement of deficit

Year ended December 31, 1973

	Balance December 31 1972	Current Year	Balance December 31 1973
Cost of mining claims abandoned and expenses thereon			
59 Claims in the Township of Cuvier, in the Province of Quebec	\$131,384	\$ —	\$131,384
20 Claims in the Township of Urban, in the Province of Quebec	513	—	513
30 Claims in the Township No. 4953, in the Province of Quebec	2,060	—	2,060
24 Claims in the County of Cape Breton, in the Province of Nova Scotia	6,949	—	6,949
20 Claims in the Township of Senneville, in the Province of Quebec	16,003	—	16,003
320 Claims in Cumberland County, in the Province of Nova Scotia (16 claims during the current year)	2,337	1,249	3,586
255 Claims in the Counties of Pictou, Antigonish and Guysborough in the Province of Nova Scotia (2 claims during the current year)	169	1	170
149 Claims in Cape Mabou, Inverness County in the Province of Nova Scotia (73 claims during the current year)	47	50	97
48 Claims in Cheticamp, Inverness County in the Province of Nova Scotia	20,735	—	20,735
32 Claims in Grand Etang, Inverness County in the Province of Nova Scotia	—	1,658	1,658
73 Claims in Five Islands, Colchester County in the Province of Nova Scotia	—	55	55
	<u>\$180,197</u>	<u>\$ 3,013</u>	<u>\$183,210</u>

Statement of source and application of funds

Year ended December 31, 1973

	1973	1972
Source of funds		
Issue of capital stock	\$170,000	\$ 60,000
Sale of investments	805	—
	<u>170,805</u>	<u>60,000</u>
Application of funds		
Cost of new mining claims	245	142
Deferred development expenses	96,333	40,225
Deferred administrative expenses	23,675	10,543
Investment in bonds	—	1,030
Purchase of fixed assets	—	1,200
	<u>120,253</u>	<u>53,140</u>
 Increase in working capital	 50,552	 6,860
 Working capital (deficiency) at beginning of year	 <u>227</u>	 <u>(6,633)</u>
 Working capital at end of year	 <u>\$ 50,779</u>	 <u>\$ 227</u>

Notes to the financial statements

Year ended December 31, 1973

Note 1 Shares held in escrow

During the year, 250,000 of the common shares held in escrow by the transfer agent were released leaving a balance of 499,990 shares in escrow.

Note 2 Mining claims

During 1972 the company entered into an agreement whereby Imperial Oil Limited consented to commence exploration and development of the company's mining claims in the Gays River area. Pursuant to this agreement, Imperial Oil Limited expended \$30,000 on the project before June 30, 1973 and in return has been issued 150,000 common shares of the company.

In addition, under the terms of this agreement, Imperial Oil Limited has expended a further \$500,000 and has been given a 60% interest in the claims.

Furthermore, having acquired this 60% interest in the claims, Imperial Oil Limited has agreed to expend an additional \$750,000 toward the development of the claims. At the completion of this undertaking it will receive an additional 100,000 shares of the company.

Note 3 Common stock

During the year, under the terms of an underwriting and option agreement, the company issued the following common stock for cash:

Number of Shares	Unit Price	Par Value	Discount
150,000	20¢	\$150,000	\$120,000
200,000	25¢	200,000	150,000
200,000	30¢	200,000	140,000
<u>550,000</u>		<u>\$550,000</u>	<u>\$410,000</u>

In addition, under the terms of a development option, the company issued 150,000 common shares for development work valued at \$30,000. (Note 2)

Officers

R. P. Mills, *President and Managing Director*
J. H. Morgan, *Vice-president*
D. J. Egan, *Treasurer*
I. C. Miller, *Secretary*

Directors

F. N. Bidgood, *Kirkland, Que.*
I. C. Miller, *Montreal, Que.*
R. P. Mills, *Westmount, Que.*
D. J. Egan, *Montreal, Que.*
J. H. Morgan, Ph.D., *Montreal, Que.*

Auditors

HYDE, HOUGHTON & CO.
Suite 500, 355 St. James St. W.
Montreal, Que. H2Y 1P1

Registrar and Transfer Agent

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